

WEEKLY ECONOMIC UPDATE

July 10, 2017

WEEKLY QUOTE

“To know oneself is to study oneself in action with another person.”

- Bruce Lee

WEEKLY TIP

Many life and auto insurance policies offer the buyer the option to pay premiums on a month-to-month or quarterly basis. While this option is convenient, these fractional premiums sometimes prove more expensive than a lump-sum premium paid annually.

WEEKLY RIDDLE

In many homes and offices, this can go up and down stairs without moving. What is it?

Last week's riddle:

I have an eye, yet cannot see the ground around me. I take time to generate, yet in seconds I can dissipate. What am I?

Last week's answer:

A tornado.

HIRING PICKS UP AGAIN

The Department of Labor announced some good news Friday: the creation of 222,000 net new jobs in June, the largest hiring gain in four months. Approximately 4.7 million people reentered the labor force and found work in June, a peak unmatched in 27 years of monthly data. Wages rose 0.2% for an annualized gain of 2.5%. The main unemployment rate ticked north to 4.4% as more Americans joined the job hunt; the U-6 rate, including the underemployed, increased 0.2% to 8.6%, its first rise since January.¹

ISM FACTORY PMI HITS 3-YEAR PEAK

In June, the Institute for Supply Management's (ISM) globally watched manufacturing purchasing manager index (PMI) improved 2.9 points to 57.8, its highest reading since August 2014. ISM's non-manufacturing PMI rose to 57.4 after a half-point gain; its June reading signaled the 90th straight month of expansion for the country's service sector.^{2,3}

GOLD SETTLES AT ITS LOWEST PRICE SINCE MARCH

The yellow metal fell to a COMEX close of \$1,209.70 Friday. It is now on a 5-week losing streak. The price of gold sank 2.6% last week, while the price of silver dropped 6.9%; silver ended the week down at \$15.43.⁴

MAJOR INDICES MAKE SMALL WEEKLY GAINS

Across a stretch of choppy trading days, the S&P 500 added just 0.07% to close at 2,425.18 Friday. The Nasdaq Composite and Dow Jones Industrial Average posted respective, 5-day advances of 0.21% and 0.30%. The Nasdaq wrapped up Friday's market day at 6,153.08; the Dow, at 21,414.34.⁵

THIS WEEK: Monday, Barracuda Networks and WD-40 present earnings. On Tuesday, earnings appear from PepsiCo and Yum! Brands. Wednesday, Federal Reserve chair Janet Yellen visits Capitol Hill to begin two days of testimony on monetary policy in Congress; in addition, the Fed releases a new Beige Book, and Fastenal reports Q2 results. Thursday, Wall Street considers a new initial jobless claims report, plus the June Producer Price Index. On Friday, a river of data arrives: a new earnings season begins with announcements from Citigroup, JPMorgan Chase, PNC Financial Services Group, and Wells Fargo, complementing the initial July University of Michigan consumer sentiment index, the June Consumer Price Index, and June retail sales and industrial production reports.

| % CHANGE | Y-T-D | 1-YR CHG | 5-YR AVG | 10-YR AVG |
|------------|----------|----------|-----------|------------|
| DJIA | +8.36 | +19.66 | +13.53 | +5.73 |
| NASDAQ | +14.30 | +26.17 | +21.90 | +13.08 |
| S&P 500 | +8.32 | +15.60 | +15.80 | +5.85 |
| REAL YIELD | 7/7 RATE | 1 YR AGO | 5 YRS AGO | 10 YRS AGO |
| 10 YR TIPS | 0.66% | -0.03% | -0.53% | 2.79% |

Sources: wsj.com, bigcharts.com, treasury.gov - 7/7/17^{5,6,7,8}

Indices are unmanaged, do not incur fees or expenses, and cannot be invested into directly. These returns do not include dividends. 10-year TIPS real yield = projected return at maturity given expected inflation.

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